### IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:            )

           David J. Schmitz, et al.    )

                           )  Examiner:  Frantzy Poinvil

Serial No.:   09/896,061        )

                           )  Group Art Unit No.:  3692

Filing Date:  June 29, 2001      )

                           )

For:       Automated Execution System   )

            Having Participation         )

                           )

### REPLY BRIEF

Mail Stop Appeal Brief - Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA  22313-1450

Dear Sir:

This Reply is in response to the Examiner's Answer mailed July 23, 2008.

## I.    REPLY

### A.    The Prior Art Admittedly Lacks All The Features Of The Claims

The Examiner's Answer, although reciting an incomplete amalgam of specific claim terms of the appealed independent claims, reiterates that Lupien lacks features of the independent claims (Examiner's Answer, p. 3).

Generally speaking, the features lacked in Lupien relate to a method or automated execution system that automatically routes/allocates a portion of an order sent in to the automated execution system back to the market participant

that sent the order in after the order is first executed against a stored (booked)

order (See Claims 1, 10, 17 and 21).  An advantage of the claimed methods and

automated execution system is briefly summarized in the specification of the

pending application,

> A participant such as a broker or firm may submit buy and sell
> orders to an automated execution system.  The automated
> execution system then enables the participant to desirably
> participate in trades resulting from that order flow.  Therefore, by
> allowing a participant that generates order flow to participate in the
> generated order flow, trading facilities can desirably attract
> participants to their respective automated execution system.
> (Specification as filed, page 20, lines 13-18)

In addition to the admitted lack of disclosure in Lupien, Lupien relates to

an automated securities trading system and portfolio management system for

use by investment managers.  Thus, in addition to the detailed reasons provided

in Appellant's Appeal Brief as to why specific features in the pending claims are

not obvious, the cited reference relates to a private investment portfolio

management system and not an public exchange system that is looking to attract

more participants with the claimed features such as a third party exchange would

wish to do.


### B.    The Cited Rational For Obviousness is Unsupportable

The Examiner's Answer, however, states that the missing features in

Lupien are obvious. In asserting that the pending claims are obvious, the

Examiner's Answer modifies the earlier basis for rejection provided in the Final

Office Action.  The supplemented rationale in the Examiner's Answer fails to

remedy the absence of any support for the obviousness assertion found in the reference.

In the Final Office Action, the rationale for obviousness was that, despite completely lacking any teaching or suggestion of the specific method steps or system feature claimed, the missing features can be said to be merely "an agreement within a trading firm or company" and "as such, any agreement among these different entities would have been possible . . . ." (Final OA, p.4).  In an attempt to bolster what Appellants have referred to as the "anything is possible" argument, the Examiner's Answer adds that "Lupien et al do not prevent a user or trader from doing or performing a specific trading activity with the remaining portion" (Examiner's Answer, p. 6).  Appellants submit that this additional reasoning fails to provide any support for creating the untaught and unsuggested features and simply emphasizes the missing teachings or suggestions.

**C.    The Claims Have Been Misinterpreted**

Appellants further submit that the added argument in the Examiner's Answer reveals a basic misunderstanding of the pending claims.  The Examiner's Answer asserts that Lupien does not prevent "***a user or a trader*** from . . . performing a specific trading activity with the remaining portion" (emphasis added).  User or trader decisions or agreements regarding remainders of an order are not recited or contemplated by the appealed claims.  For example, claim 1 recites a method of trading over an automated execution system where steps are automated regarding routing of portions of the order. Similarly, claims 10 and 17 recite methods where an automated execution system automatically

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carries out routing or execution. Claim 21 recites an automated execution system with a firm participation system that automatically determines/allocates. The claims do not recite discretionary or manual steps relating to ongoing agreements between traders or users. Rather, the claims relate to an exchange system that allows for participation in automated execution trades.

In a later portion of the Examiner's Answer, specifically page 8, the statements of the ability of parties to a trade agreeing to do something with a remainder of a trade, or the remainder being treated a particular way because of a trader's financial objective, and that Lupien wouldn't stop someone from performing different types of trading transactions if they wanted to are again repeated. As some of these statements are not relevant to the claims and none cure the deficiencies of Lupien regarding the missing claim features, Appellants submit that the Examiner has failed to support a *prima facie* rejection based on obviousness.

Appellants note that the Examiner's Answer assumes that the automated system of Lupien must somehow deal with remainders of trades and therefore assumes it is feasible that, if Lupien can handle trades according to price/time/size priority it must be able to be configured to handle any type of trade arrangement imaginable. Following this logic, and using the hindsight of knowing the specific claims of Appellants applications, reconfiguring Lupien to handle portions of remainders in the specific manner claimed might seem straightforward. As this path of thinking is clearly impermissible and there is no basis for an inherency argument relating to Lupien regarding treatment of

remainders as claimed, Appellants respectfully request that the obviousness rejection be withdrawn.


## II.    CONCLUSION

Appellants again note that, while the claims are of differing scope, they all relate to how an automated execution system handles a portion of an order (e.g. for derivatives) after automatic execution of a first portion.  As recited above, an advantage of the claimed methods and system is that an exchange may attract market participants to bring their orders to the exchange by guaranteeing them a priority for getting to trade against a remainder of any order they submit to the exchange.  Lupien lacks any disclosure of at least this feature or any method of handling remainder orders.  Additionally, because Lupien discloses a private automated system for portfolio managers there would be no reason to add the claimed feature of guaranteeing a portion of an order remainder even if prior art support for such a feature had been provided.  An entity such as a broker/dealer with a private system as disclosed in Lupien would not want to attract outside participants who could gain access to customer information and the members of such a broker/dealer establishment would already be required to use the system so there would be no reason to try and coax employees or members to continue to use their own system.

Because Lupien lacks the features of the claims discussed in Appellants'

Appeal Brief and herein, and because the arguments supporting the hypothetical

existence of these features in Lupien rely on clear hindsight and speculation,

Appellants respectfully request that the obviousness rejection over the pending

claims be withdrawn.

Respectfully submitted,

Dated:_____September 23, 2008          _____
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